

OCA 87-5412
22 October 1987

MEMORANDUM FOR THE RECORD

SUBJECT: Office of Management and Budget (OMB) Veto Threat of Intelligence
Authorization Bill

1. This office received an OMB Legislative Referral Memorandum dated 25 September 1987 seeking comments on an attached draft letter threatening veto of the Fiscal Year 1988 Intelligence Authorization Bill if the conferees thereon did not delete section 402 thereof. Section 402 is the section which increases the cost of living allowances paid to personnel of the Federal Bureau of Investigation (FBI), New York City Field office.

2. Over the course of the next several days, various members of this office, including myself, had discussions with OMB and the White House in which we strongly opposed any threat to veto the bill. As a result, it appears that although OMB continues its opposition to section 402, it has dropped the veto threat. We continue to monitor the issue, however, as the veto threat is not yet completely foreclosed.

STAT

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ACTION
OCA 87-5020

OFFICE OF CONGRESSIONAL AFFAIRS

Routing Slip

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SUSPENSE

25 Sept 87
Date

Action Officer:

Remarks:

ACTION COMPLETED per MFR dtd 10/22/87

25 Sept 87

Name/Date



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

87-5020

SPECIAL

September 25, 1987

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer-

Central Intelligence Agency -
Department of Justice (FBI) - Perkins - 633-2113 (17)
Department of State - Howdershell - 647-4463 (25)

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SUBJECT: Draft report to the conferee on Section 402 of the Senate passed version of the Intelligence Authorization Act for 1988/1989.

NOTE: Please review the draft report for factual accuracy only as the policy decision on this issue has already been made. If we have not heard from your agency by 3:00 P.M., TODAY, SEPTEMBER 25, 1987, we will assume you have no comment on this report.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than 3:00 P.M., TODAY, SEPTEMBER 25, 1987.

Questions should be referred to Sue Thau/Annette Rooney (395-7300) the legislative analyst in this office.

Susan R. Thau for

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: Russ Neely
Hilda Schreiber
Gail Webber Redd
Frank Kalder

SPECIAL

FY 1988

We are writing to express our concern over a provision in the Senate-passed version of H.R. 2112, the Intelligence Authorization Act, ~~Fiscal Years 1988 and 1989~~.

This provision, section 402 of the Senate-passed bill, would authorize the Director of the Federal Bureau of Investigation to pay "additional compensation" to the New York Field Divisions of the FBI "to defray unusual living expenses" associated with such employment. The Administration is strongly opposed to this provision.

The Government employs more than 75,000 non-FBI employees in New York City, yet section 402 would single out the employees of this one agency for special treatment. While the work of the FBI is certainly critical to the Nation, so is the work of many other Federal employees in New York City, including thousands of other employees performing vital law enforcement functions. We can see no equitable basis for singling out the FBI for this special treatment, and we are very concerned by the costly precedent that could be established. Furthermore, there are a number of other high-cost cities in the country, and we can see no rational basis by which this precedent could be limited to New York City alone.

The General Schedule, the pay system covering employees of the FBI and most other Federal white-collar employees, is designed to be a nationwide pay system, paying people on the basis of the difficulty, responsibility, and qualification requirements of their work, and without regard to where in the country they are assigned. In recognition of the need for flexibility to address labor market shortages in particular areas, the General Schedule system includes a provision permitting OPM to authorize special, higher pay rates when an agency encounters recruitment or retention problems due to higher private sector pay rates. The FBI has never requested that special rates be authorized for the New York Field Division.

The proponents of section 402 have argued that it is intended to address recruitment and retention problems, and have stressed the critical work of the New York Field Division's counterintelligence operations, yet nothing in the language of section 402 would limit its application to actual recruitment and retention problems--which, if extant, could be addressed under the existing special rate program--or to

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employees engaged in counterintelligence work. Instead, the "additional compensation" could be paid, without any specified limits, to all FBI employees in the New York Field Division, regardless of their occupation, regardless of whether they were locally hired or had to be transferred to New York City, and regardless of whether there is any difficulty in filling their positions.

We believe the enactment of section 402 would be a serious mistake, and we urge the conferees to delete this provision. If this provision remains in H.R. 2112 when it is presented to the President, the President's senior advisors will [REDACTED] [REDACTED] recommend he veto the bill.